CPUC Docket: A.25-06-022 et al.
Exhibit Number: TURN-01
Witness: Jennifer Kallay

PREPARED TESTIMONY OF JENNIFER KALLAY

ADDRESSING PROPOSALS OF PACIFIC GAS AND ELECTRIC COMPANY, SAN DIEGO GAS & ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND SOUTHERN CALIFORNIA GAS COMPANY RELATED TO THE ENERGY SAVINGS ASSISTANCE (ESA) BRIDGE PROGRAM AND BUDGETS FOR PROGRAM YEAR 2027

SUBMITTED ON BEHALF OF
THE UTILITY REFORM NETWORK

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Table of Contents

1. INTRODUCTION AND OVERVIEW 1

2. SUMMARY OF FINDINGS AND RECOMMENDATIONS 3

3. BUDGETS 5

4. APPLICATION OF UNSPENT FUNDS 10

5. GOALS 12

6. COST-EFFECTIVENESS 18

7. REPORTING 23

1. INTRODUCTION AND OVERVIEW

Q. Please state your name, title, and employer.

A. My name is Jennifer Kallay. I am a Principal Associate at Synapse Energy Economics ("Synapse"), located at 485 Massachusetts Avenue, Suite 3, Cambridge, MA 02139.

Q. Please describe Synapse Energy Economics.

A. Synapse Energy Economics is a research and consulting firm specializing in electricity and gas industry regulation, planning, and analysis. Our work covers a range of issues, including economic and technical assessments of demand-side and supply-side energy resources; energy efficiency policies and programs; power sector transformation; integrated resource planning; electricity market modeling and assessment; renewable resource technologies and policies; and climate change strategies. Synapse works for a wide range of clients, including state attorneys general, offices of consumer advocates, trade associations, public utility commissions, environmental advocates, the U.S. Environmental Protection Agency, U.S. Department of Energy, U.S. Department of Justice, the Federal Trade Commission, and the National Association of Regulatory Utility Commissioners. Synapse has over 40 professional staff with extensive experience in the electricity industry.

Q. Please summarize your professional and educational experience.

A. I have 18 years of professional experience analyzing the benefits and costs of energy efficiency efforts for jurisdictions in the United States and Canada including Massachusetts, Rhode Island, Hawaii, Vermont, New Jersey, Arkansas, Minnesota, Virginia, Prince Edward Island, Ontario, New Mexico, Alberta, New Brunswick, and Nova Scotia. Since 2012, I have supported the Rhode Island Division of Public Utilities & Carriers (Division) in assessing the impacts of utility energy efficiency plans and delivery strategies on customers. My work entails reviewing different regulatory approaches to spur energy efficiency; assessing the ability of utility energy efficiency plans to tap into cost-effective potential; researching best practice program designs and policies; understanding and accounting for the full benefits of energy efficiency; and conducting rate and bill impact, participant, and cost-effectiveness analyses. I received a Bachelor of Arts in Journalism from the University of Maryland and a Master of Energy and Environmental Analysis Degree from Boston University. My resume is attached as Exhibit JK-1.

Q. Have you previously testified before the California Public Utilities Commission?

A. No.

Q. On whose behalf are you providing evidence in this case?

A. I am providing evidence on behalf of The Utility Reform Network (TURN).

Q. What is the purpose of this testimony?

A. The purpose of this testimony is to describe and assess the applications of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) (collectively, the utilities or investor-owned utilities (IOUs)) for the 2027 Bridge Year (plan period) Energy Savings Assistance (ESA) program.[1] The testimony addresses the proposed budgets, application of unspent funds, achievement of goals, cost-effectiveness, and reporting related to the 2027 proposed plan, with an eye towards the upcoming 2028–2033 program cycle.[2]

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[1] The utilities request to extend the 2021-2026 Plan by including a 2027 plan period, resulting in a 2021-2027 Plan.

[2] The scope of my assessment is consistent with the limited scope of this proceeding, which includes, in pertinent part, (1) whether the IOUs' applications "advance the ongoing goals, principles, and guidance adopted in Decision (D.) 21-06-015, D.16-11-022, and other relevant" Commission directives; (2) whether the IOUs' proposed 2027 programs and activities are reasonable and warrant adoption; and (3) whether the IOUs' requested budgets and cost and rate recovery requests are reasonable and should be approved. The Commission further instructed that the IOU applications should be reviewed "with an eye towards efficient program administration, but any proposals to alter programs should be held until full program applications are filed later this year." (Assigned Commissioner's Scoping Memo and Ruling, 9/17/25, pp. 2-3). TURN anticipates presenting more extensive recommendations in response to the forthcoming next cycle program applications.

This testimony is organized as follows: First, I provide a summary of my findings and recommendations. Second, I provide supporting evidence related to the findings and recommendations. I include sections with detail on: budgets, application of unspent funds, goals, cost-effectiveness, and reporting.

2. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Q. Please describe your findings.

A. I make the following findings:

1. SoCalGas's request to retain $29 million of unspent ESA Pilot Plus and Pilot Deep (pilots) funds to offset any increases in costs related to import tariffs in 2027 is not present in other utility filings and without basis.

2. SDG&E cannot distinguish escalation from other changes to its proposed 2027 budget. SoCalGas originally included other changes to the budget in its calculations of escalation. And, more generally, the presentation of budgets with and without escalation was not transparent in the utility filings.

3. SCE requests that some, but not all, of its underspending in the Multi-Family Whole Building (MFWB) program and pilots be reinvested.

4. PG&E has $70 million in remaining accumulated unspent funds from MFWB and pilots after allocating $40 million to offset proposed 2027 MFWB and pilot budgets.

5. PG&E, SCE, and SoCalGas propose goals for 2027 that are incremental to their authorized 2021–2026 goals. SDG&E does not propose incremental 2027 goals and instead proposes additional budget to achieve 2021–2026 goals.

6. SDG&E does not propose to meet any of its 2021–2026 goals by the end of 2027. SCE does not propose to meet its 2021–2027 kW savings goals, but proposes to meet all the other goals. All other utilities propose to reach or exceed all their goals by the end of 2027.

7. The ESACET benefit-cost ratios (BCR) of SDG&E's and SCE's proposed 2027 plans are significantly lower than 0.7, a target set by the Commission in D.21-06-015.
8. The monthly and annual ESA reporting does not allow for comparisons of electric and gas efforts across utilities. Electric and gas efforts are not broken out and energy savings are not reported using a metric that can be compared across utilities with different fuel types, such as annual and lifetime MMBtus.
9. The monthly and annual ESA reporting is not transparent about the costs, savings, and benefits associated with health, comfort, and safety (HCS) measures.

Q. Please describe your recommendations.

A. I make the following recommendations:

1. The Commission should deny SoCalGas' request to hold $29 million of unspent pilot funds to cover import tariffs and direct SoCalGas to use those funds to offset ratepayer collections in 2027.
2. The Commission should clarify that the term 'escalation' refers to the increase in the costs of goods and services due to inflation and does not include other changes to the budget. The Commission should provide guidance as to how escalation should be applied to the various programs and cost categories in 2027 and the next plan cycle. And, the Commission should direct all utilities to provide budgets without escalation, budgets with escalation, and isolate for any proposed escalation by program and cost category for transparency for 2027 and moving forward.
3. The Commission should approve SCE's request to reinvest unspent funds from MFWB and pilots into ESA Main, but require SCE to reinvest all unspent funds.
4. The Commission should direct PG&E to reinvest all $110 million in remaining unspent funds to date from MFWB and pilots rather than only $40 million to reduce proposed 2027 collections to the maximum extent possible.

5. The Commission should direct SDG&E and SCE to propose plans with higher ESACET BCRs that are more in line with the Commission's guidance of 0.7 in D.21-06-015 in the next cycle applications.

6. The Commission should direct PG&E and SDG&E to break out their entire 2027 proposed budgets by electric and gas starting with program year 2027. The Commission should also require all utilities to provide energy savings in annual and lifetime MMBtus to enable direct comparisons across utilities with different fuel types.

7. The Commission should direct all utilities to clearly identify HCS measures and report the budget, savings, and benefits associated with HCS measures starting in program year 2027.

3. BUDGETS

Q. Do some utilities propose to increase 2027 budgets as compared to the budgets the Commission authorized for 2026?

A. Yes. Figure 1 below shows the 2027 proposed budgets with and without escalation, compared to the 2026 authorized budgets for each utility. The 2027 proposed budgets also include any additional requests to retain funds to address potential increases in costs due to tariffs. SCE is proposing a 31 percent increase in its 2026 budget, not accounting for escalation. SoCalGas' proposed budget increase before escalation is 0.5 percent. SDG&E did not provide a calculation of its budget without escalation.[3] Therefore, I do not know whether SDG&E's budget without escalation is increasing or decreasing as compared to its 2026 authorized budget. And, the utilities use different escalation rates and apply those escalation rates differently to programs and cost categories.[4] SoCalGas requests to retain $29 million of unspent funds to address tariffs.

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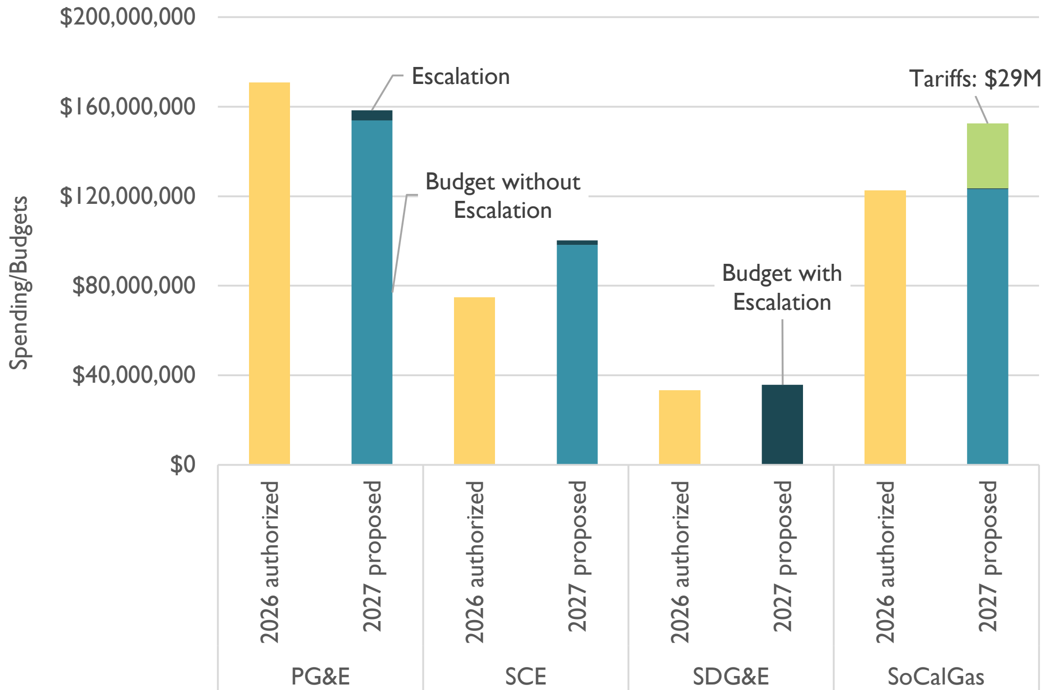
[3] SDG&E escalation of 3 percent for labor and 3–5 percent for non-labor cannot be calculated per response to TURN SDG&E 001 Q03(f).

[4] Responses to TURN PG&E 001 Q21, TURN SCE 001 Q18, TURN SCE 001 Q07, TURN SDG&E 001 Q18, TURN SoCalGas 001 Q19, and TURN SoCalGas 002 Q02.

Figure 1. 2027 Proposed Budgets Compared to 2026 Authorized Budgets[5, 6]



Q. Do you have a concern with SoCalGas's request to retain $29 million in the event cost increases materialize in 2027 due to tariffs?

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5 Sources:

- 2026 Authorized Budgets: D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 7.
- 2027 proposed budget including escalation for PG&E: A.25-06-XXX_PGE IQP Application 6-30-25.pdf, Table 2: PG&E's Summary of Budget, page 7.
- 2027 proposed budgets including escalation in Table 7: ESA Portfolio Budget within each utility's filing.
- PG&E 2027 escalation of 3 percent on average for labor and non-labor is shown as $4,517,168 in response to TURN PG&E 001 Q21 Attachment 1.
- SCE 2027 escalation of 3 percent for labor and 2 percent for non-labor is $2,106,509 per response to TURN SCE 001 Q07, 2027 SCE IQP Bridge Funding_CARE, FERA,ESA Workpapers.xlsx, BF ESA Budgets tab, sum of Labor Escalation and Non-Labor Escalation columns.
- SoCalGas 2027 escalation of 3 percent for labor and non-labor is $385,659 per response to TURN SoCalGas 002 Q02, SoCalGas Response_TURN-SoCalGas-02.xlsx.
- SoCalGas tariffs per 2025.06.27 A.25-06-XXX SCG Bridge Funding Testimony Verduzco.pdf, page OV-23.

6 Notes:

- For PG&E, SCE, and SoCalGas, the budget without escalation is calculated as the 2027 proposed budget minus escalation.
- The 2027 proposed budget for SDG&E includes escalation.

A. Yes. SoCalGas does not provide any basis for its estimate that cost increases due to tariffs will amount to $29 million.[7] $29 million is simply the amount of its unspent funds. Additionally, no other utility proposes to allocate any funding to address tariffs in 2027. SoCalGas offers no basis for assuming that its ESA program costs would be uniquely affected by tariffs in 2027.

Q. What do you recommend?

A. I recommend the Commission deny this request and direct SoCalGas to apply these funds to offset ratepayer collections in 2027.

Q. Do you have a concern that SDG&E cannot calculate its assumed escalation for 2027?

A. Yes. SDG&E could not provide this methodology and stated that it "did not develop its budget in a manner that distinctly shows the escalation and the base rate."[8] SDG&E should be able to differentiate increases in budget due to escalation from increases or decreases in budget due to other factors. SDG&E should also be able to provide the methodology for the calculation of escalation by program and cost category.

Q. What do you recommend?

A. I recommend the Commission direct SDG&E to change its budgeting practices such that SDG&E can display escalation separately from other budget increases and decreases and provide detailed calculations supporting its integration of escalation rates into budgets for the next program cycle.

Q. Do you have a concern that SoCalGas is requesting a budget increase to cover labor and/or non-labor escalation without identifying the increase as escalation-related?

A. Yes. TURN asked SoCalGas to identify the portion of budget changes associated with "escalation", which is a specific cost identified by other IOUs in their applications.[9] TURN asked SoCalGas for this breakout as SoCalGas did not

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[7] Response to TURN SoCalGas 001 Q05(a).
[8] Response to TURN SDG&E 001 Q03(f).
[9] For example:

- PG&E Testimony – Errata (10/17/25), Table 13: ESA Program Budget, page 40.

clearly distinguish cost changes driven by inflation from other drivers of cost variation, such as changes in the number of households treated or measure mix. In its initial response, SoCalGas labeled the net change in budget "escalation" and included all changes to the budget.[10] In a response to TURN's follow-up question requesting the separation of escalation from other changes to the budget, SoCalGas disaggregated "escalation" from non-escalation, revealing a proposed 3 percent budget increase for escalation in certain ESA programs and cost categories.[11] Bundling escalation with other drivers of budgets changes obscures the utility's basis for the requested budget.

Q. Do you have a more general concern that the utilities use different escalation rates and apply those escalation rates differently to programs and cost categories?

A. Yes. I am not opposed to differences in the application of escalation by utility if there is good reason for these differences. However, the approaches taken by the utilities differ considerably and the need for different approaches is not substantiated.[12]

Q. What do you recommend?

A. I recommend the Commission provide guidance on how the utilities should approach escalation in their proposed 2027 budgets in this proceeding. This guidance is important to ensure that proposed ESA costs are reasonable and the program is efficiently administered. I also recommend the Commission provide guidance on how the utilities should approach escalation in their next cycle plans and clarify that future ESA applications should identify any proposed budget adjustments from year to year that are intended to cover inflationary changes in labor and/or non-labor costs. This direction will be especially useful for the next cycle plans, as escalation over the six-year period could be material and different

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- A2506XXX-SCE Testimony In Support Bridge Funding Low Income Application_SCE-01.pdf, Table V-11: 2027 ESA Programs Budget and Funding Proposal, page 25.

[10] Response to TURN SoCalGas 001 Q02(g).

[11] Response to TURN SoCalGas 002 Q02.

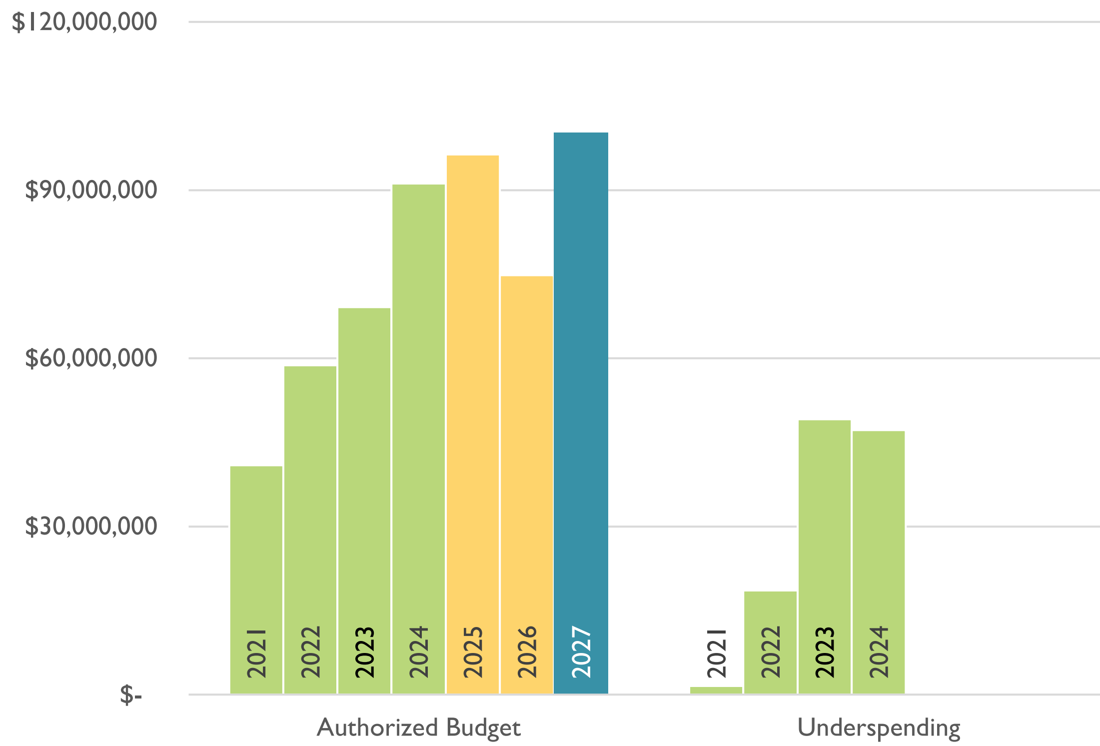
[12] Responses to TURN PG&E 001 Q21, TURN SCE 001 Q18, TURN SDG&E 001 Q18, TURN SoCalGas 001 Q19, and TURN SoCalGas 002 Q02.

approaches to escalation may result in significant differences in proposed budgets by utility.

Q. Do you have a concern with the proposed 2027 budget increase for SCE?

A. Yes. Figure 2 below shows the underspending compared to budgets for SCE. SCE underspent its budgets in all years. This underspend was most significant in 2023 and 2024, at 71 percent and 52 percent of authorized budgets, respectively. Based on this historical data, it seems unlikely that SCE will be able to spend the proposed 2027 budget. However, my concern about underspending is mitigated if SCE is promptly reinvesting unspent funds or returning unspent funds to ratepayers.

Figure 2. Underspending Compared to Budgets for SCE [13,14]



4. APPLICATION OF UNSPENT FUNDS

Q. Does SCE propose to return unspent funds to date to ratepayers?

A. Yes. SCE forecasts $49 million in underspending as of the end of 2026 from MFWB and pilots. SCE proposes to reinvest $40 million of the underspending into the 2027 proposed programs: $17.9 million to MFWB, $17.2 million to the Building Electrification (BE) Pilot, and $5.0 million to ESA Main.[15]

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[13] Sources:
- 2026 Authorized Budget for SCE: D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 7.
- 2027 proposed budget for SCE: Table 7: ESA Portfolio Budget.

[14] Notes: Underspending is calculated as the difference between Authorized/Forecasted Planning Assumptions and Actuals in the Energy Savings Assistance Program Summary table in the Summary Highlights tab of the 2021, 2022, 2023 and 2024 Annual Reports.

[15] A2506XXX-SCE Testimony In Support Bridge Funding Low Income Application_SCE-01.pdf, page 39.

Q. Does SCE's proposal diverge from the Commission's established orders in D.21-06-015 regarding fund-shifting?

A. Yes. The Commission's established orders regarding fund-shifting across years are as follows:

> Fund shifting in and out of the multifamily whole building (MFWB) programs, and pilots (including the Pilot Plus and Pilot Deep program), must be requested via a Tier 2 advice letter.
>
> Fund shifting is not allowed between program years; any remaining uncommitted and unspent funds at the end of a program year must be used to offset the next year's collection.
>
> An exception to this rule is granted for the MFWB programs, pilots (including the Pilot Plus and Pilot Deep program), and studies (where funds may be rolled over to the next program year or borrowed from a future program year within the cycle, to allow for flexibility in scheduling changes with these efforts).[16]

SCE's proposal to shift $5 million from MFWB and pilots into ESA Main represents a departure from this directive.

Q. Do you support SCE's request to shift funding from MFWB and pilots to ESA Main?

A. Yes. It is reasonable for SCE to minimize ratepayer collections by applying unspent funds. SCE fully spent its ESA Main budget and is proposing an increase of $13.3 million for 2027.[17] However, SCE is not proposing to allocate all unspent funds. SCE projected $49 million in total that it could reinvest and proposed to reinvest $40 million. All unspent funds should be used to reduce ratepayer collections.

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[16] D.21-06-015, Ordering Paragraph 181, p. 520.

[17] A2506XXX-SCE Testimony In Support Bridge Funding Low Income Application_SCE-01.pdf, page 31.

Q. Do any utilities have unspent funds that are accumulating and not being promptly reinvested?

A. Yes. Most utilities are underspending their budgets.[18] PG&E is not as proactive as some other utilities about reinvesting these unspent funds. PG&E is proposing to offset $40 million in proposed 2027 MFWB and pilot budgets with unspent funds to date. However, PG&E has $70 million in remaining accumulated unspent funds from MFWB and pilots. PG&E is not planning on returning these unspent funds to ratepayers until the end of 2027.[19]

Q. What do you recommend?

A. I recommend that PG&E apply the $70 million in remaining unspent funds to offset 2027 ratepayer collections. The Commission's fund-shifting rules adopted in D.21-06-015 permit carrying forward unspent MFWB, pilot, and study funding until the end of the 2021–2026 program cycle.[20] However, the Commission should not extend this flexibility through 2027. Instead, the Commission should direct PG&E to reduce collections for the 2027 bridge year with these unspent funds.

Q. Why is this important?

A. Affordability is a key concern for all ratepayers, and especially for low-income ratepayers. Utilities should not accumulate and retain ratepayer funds over multi-year plans that cover many years. Utilities should put these funds to good use in the next program year or immediately return the funds to ratepayers.

5. GOALS

Q. Do all the utilities propose incremental 2027 goals?

A. No. The 2027 goals proposed by PG&E, SCE, and SoCalGas are incremental and therefore additive to the 2021–2026 goals. SDG&E proposes to spend additional

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[18] See: Authorized/Forecasted Planning Assumptions and Actuals in the Energy Savings Assistance Program Summary table in the Summary Highlights tab of the 2021, 2022, 2023 and 2024 Annual Reports

[19] Response to TURN PG&E 001 Q06.

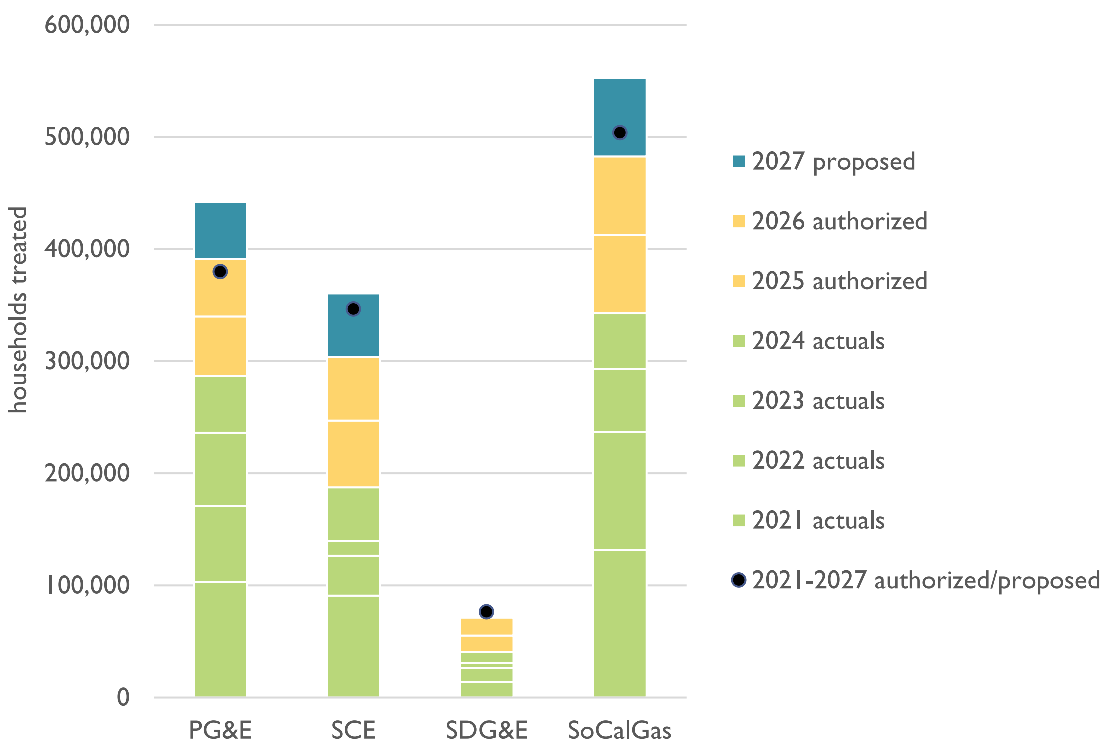
[20] D.21-06-015, p. 520.

budget in 2027 to reach the previously authorized 2021–2026 goals.[21] As a result, SDG&E's 2027 goals should not be added to the authorized 2021-2026 goals.

Q. Do all the utilities propose to reach or exceed their cumulative 2021–2027 goals?

A. No. Figure 3 below shows the progress to date for each utility in achieving its cumulative 2021–2027 households-treated goals. The figure shows that PG&E, SCE, and SoCalGas propose to exceed their 2021–2027 households treated goals. SDG&E does not plan to meet this goal and proposes to reach 93 percent of the 2021–2027 goal.

Figure 3. Progress on 2021–2027 Households-Treated Goals [22]



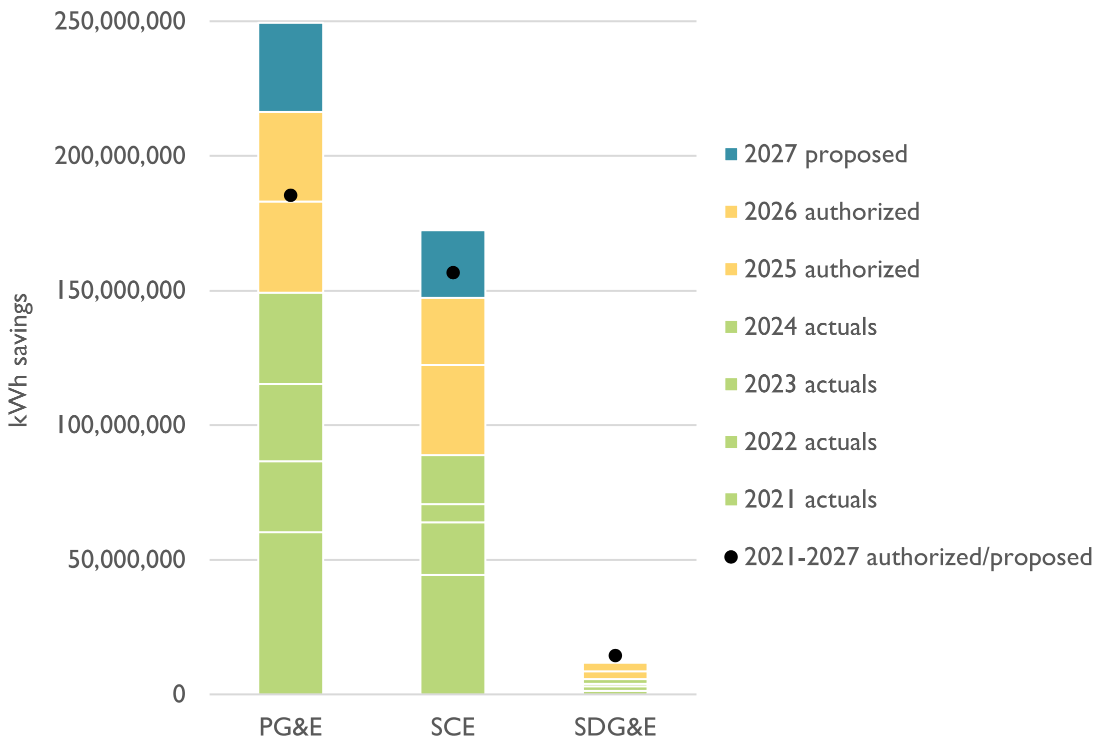
[21] For simplicity, I refer to goals and targets as goals in my testimony.

[22] Sources:

- 2021 to 2024 actuals from the Summary Highlights tab of the 2021, 2022, 2023 and 2024 Annual Reports.
- 2021 to 2026 authorized: D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 6.

Figure 4 below shows the progress to date for each utility in achieving its 2021–2027 kWh savings goals. The figure shows that PG&E and SCE propose to exceed their 2021–2027 kWh savings goals. SDG&E does not plan to meet this goal and proposes to reach 82 percent of the 2021–2027 goal.

Figure 4. Progress on 2021–2027 kWh Savings Goals [23]



- 2027 proposed: Table 6: Annual ESA Household Treatment Goals and Targets within each utilities' filing and responses to TURN PG&E 001 Q14, TURN SCE 001 Q14, TURN SDG&E 001 Q17, and TURN SoCalGas 001 Q09.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals from D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 6 and 2027 proposed for all utilities except SDG&E.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 6 for SDG&E.

[23] Sources:

- 2021 to 2024 actuals from the Summary Highlights tab of the 2021, 2022, 2023 and 2024 Annual Reports.
- 2021 to 2026 authorized: D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5.

Figure 5 below shows the progress to date for each utility in achieving its 2021–2027 kW savings goals. The figure shows that PG&E proposes to exceed its 2021–2027 kW savings goals. SCE and SDG&E do not plan to meet their kW savings goal for 2021–2027, reaching 76 and 74 percent of the proposed goals, respectively.

Figure 5. Progress on 2021–2027 kW Savings Goals [24]

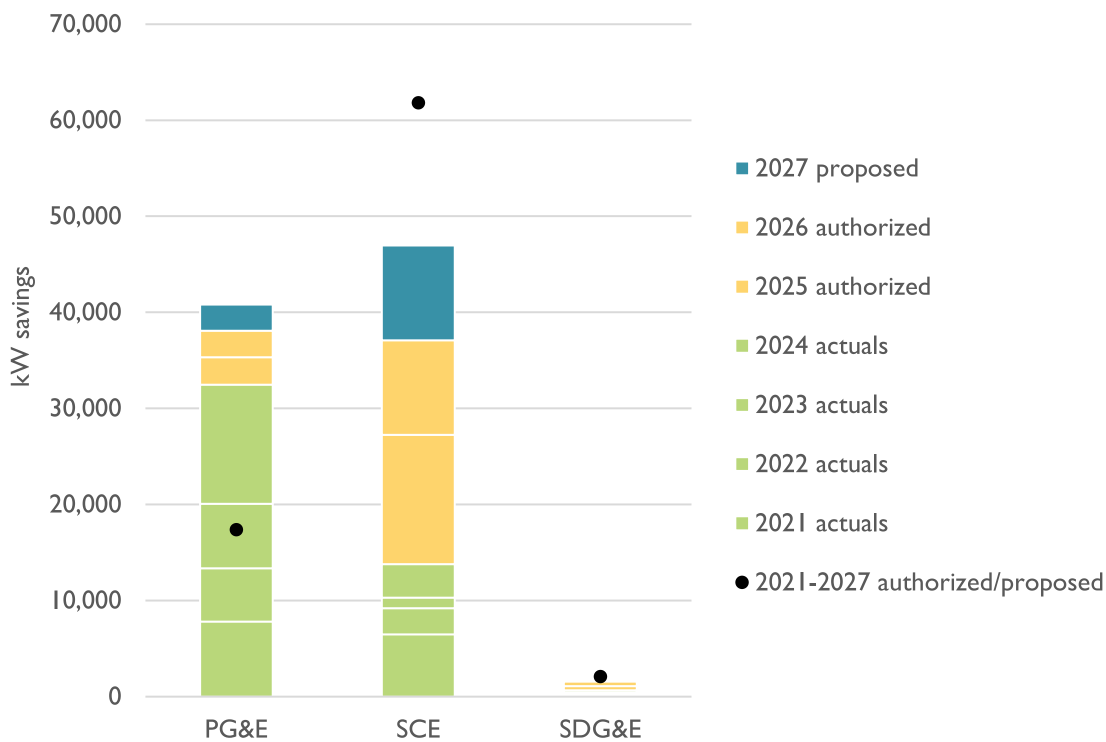


Figure 6 below shows the progress to date for each utility in achieving its 2021–2027 therm savings goals. The figure shows that PG&E proposes to exceed its

- 2027 proposed: Table 5: ESA Annual Energy Savings Goals within each utilities' filing and responses to TURN PG&E 001 Q14, TURN SCE 001 Q14, TURN SDG&E 001 Q17, and TURN SoCalGas 001 Q09.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals from D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5 and 2027 proposed for all utilities except SDG&E.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5 for SDG&E.

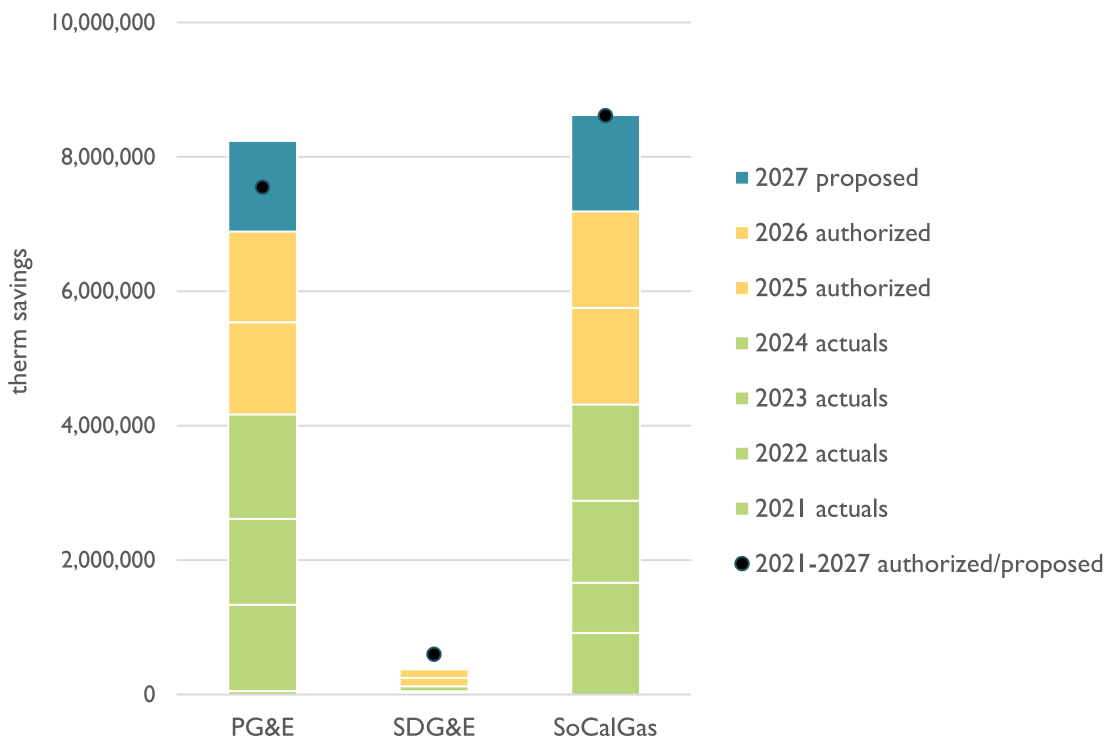
[24] Sources:

- 2021 to 2024 actuals from the Summary Highlights tab of the 2021, 2022, 2023, and 2024 Annual Reports.

2021–2027 kW savings goals, SoCalGas proposes to meet its goal, and SDG&E does not plan to meet its goal. SDG&E proposes to reach 63 percent of its proposed goal.

- 2021 to 2026 authorized: D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5.
- 2027 proposed: Table 5: ESA Annual Energy Savings Goals within each utilities' filing and responses to TURN PG&E 001 Q14, TURN SCE 001 Q14, TURN SDG&E 001 Q17, and TURN SoCalGas 001 Q09.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals from D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5 and 2027 proposed for all utilities except SDG&E.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5 for SDG&E.

Figure 6. Progress on 2021–2027 Therm Savings Goals [25, 26]



[25] Sources:

- 2021 to 2024 actuals from the Summary Highlights tab of the 2021, 2022, 2023, and 2024 Annual Reports.
- 2021 to 2026 authorized: D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5.
- 2027 proposed: Table 5: ESA Annual Energy Savings Goals within each utilities' filing and responses to TURN PG&E 001 Q14, TURN SCE 001 Q14, TURN SDG&E 001 Q17, and TURN SoCalGas 001 Q09.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals from D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5 and 2027 proposed for all utilities except SDG&E.
- 2021-2027 authorized/proposed is the sum of 2021-2026 goals D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 5 for SDG&E.

[26] Notes:

- SCE did not consistently report therm savings so I excluded this data.

Q. Do you have a concern about SCE's and SDG&E's progress?

A. Yes, but more so for SDG&E. SDG&E does not propose to meet any of its goals for 2021–2026 and therefore proposes no incremental 2027 goals.

Q. What do you recommend?

A. I recommend evaluation of any shortfall between the goals and progress to date in the next planning cycle. Progress towards the goals will inform TURN's consideration of achievable goals and associated funding levels in the full program cycle applications.

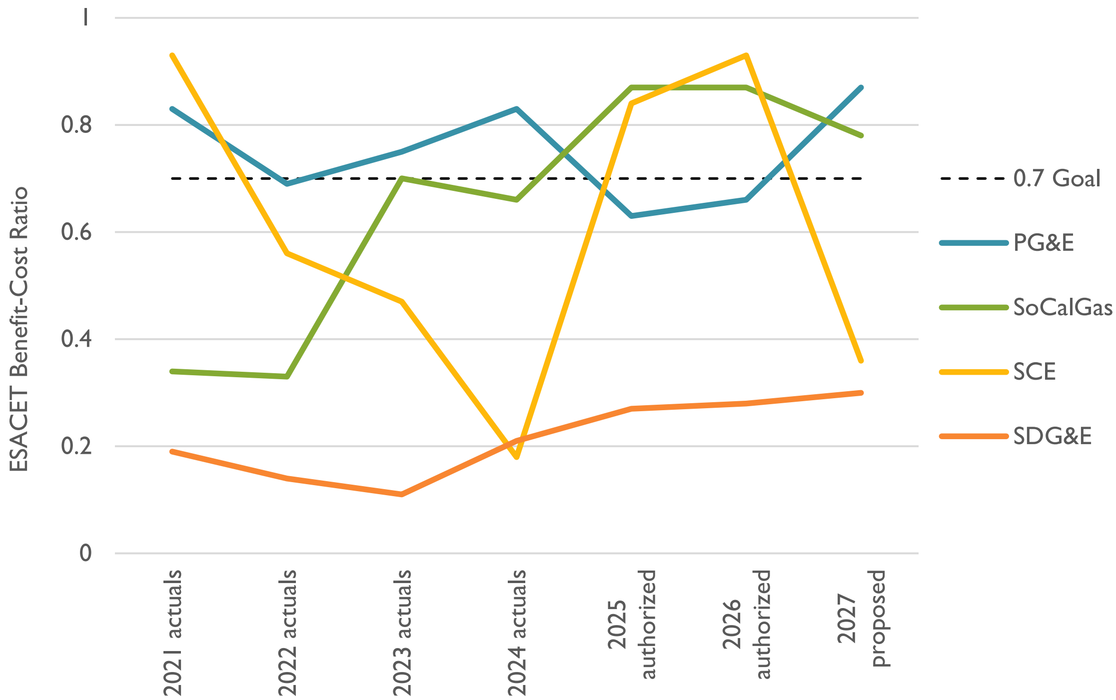
6. COST-EFFECTIVENESS

Q. Are the utilities' proposed 2027 plans cost-effective according to the ESACET BCRs?

A. No. Figure 7 below shows the actual 2021 to 2024, the authorized 2025 and 2026, and the 2027 proposed ESACET BCRs. None of the utilities' ESACET BCRs from 2021 to 2027 achieve an ESACET BCR of 1.0 or higher.[27]

[27] Supplemental testimony, October 6, 2025.

Figure 7. ESACET BCRs [28]



Q. Do the utilities' proposed 2027 plans meet the 0.7 ESACET cost-effectiveness goal established by the Commission?

A. Some do, and some do not. PG&E and SoCalGas propose to exceed an ESACET BCR of 0.7 in 2027. SCE and SDG&E propose ESACET BCRs that are well below 0.7 in 2027.[29]

Q. Do you have a concern about SCE's and SDG&E's proposed ESACET BCRs for 2027?

A. Yes. In D.21-06-015 the Commission directed all the IOUs to "use an average 0.7 ESACET target for the portfolio level as a guideline when developing their ESA program portfolio measure mix." [30] It is concerning that SCE's and SDG&E's proposed 2027 ESACET BCRs are only half of the Commission's goal.

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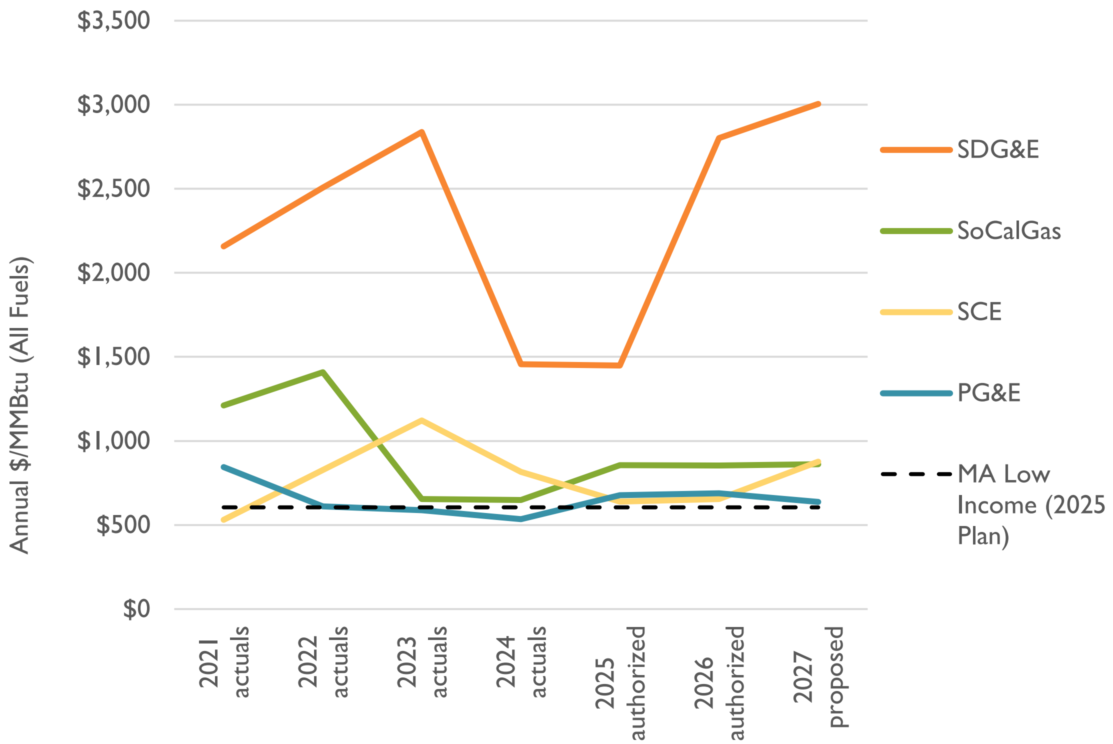
[28] Source: Supplemental testimony, October 6, 2025.
[29] Supplemental testimony, October 6, 2025.
[30] D.21-06-015, Ordering Paragraph 83, p. 491.

Q. Does the utilities' cost of saved energy explain the cost-effectiveness results?

A. The cost of saved energy is a metric commonly used in other jurisdictions to compare the costs of energy efficiency programs. It can be calculated a few different ways, depending on the availability of annual and lifetime savings and the units associated with those savings. In my testimony, I simply take the total spending or authorized/proposed budget for each year and divide it by the actual or authorized/proposed annual energy savings for that year. I translate the annual savings provided in kWh and therms into MMBtus to facilitate direct comparisons across utilities. Figure 8 below provides the results of these calculations and includes a comparison of these results to the cost of saved energy for Massachusetts' 2025 Plan Low Income Programs.

For SDG&E, the cost of saved energy appears to explain the cost-effectiveness results. SDG&E has a much higher cost of saved energy relative to other utilities, and this high cost is likely a driver of the low ESACET BCRs. However, for SCE, the cost of saved energy is similar to SoCalGas which has much higher ESACET BCRs. So, the cost of saved energy does not explain SCE's low cost-effectiveness results.

Figure 8. Annual Cost of Saved Energy [31, 32]



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[31] Sources:

- 2021 to 2024 actuals from the Summary Highlights tab of the 2021, 2022, 2023 and 2024 Annual Reports.
- 2025 and 2026 authorized: D.21-06-015, Attachment 1 - Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Tables 5 and 7.
- 2027 proposed: Table 5: ESA Annual Energy Savings Goals and Table 7: ESA Portfolio Budget within each utilities' filing.
- Massachusetts Low Income Program (2025 Plan): See https://ma-eeac.org/plans-updates/, 2025-2027 Three-Year Energy Efficiency Plan, April 30 Compliance Filings, Appendix C – Statewide Tables.

[32] Notes:

- I calculate the annual cost of saved energy by dividing the annual spending or budgets by the annual energy savings in kWh and/or therms. For utilities with both kWh and therms savings, I include both. I convert kWhs to MMBtus by multiplying kWhs by 0.003412. I convert therms to MMBtus by dividing therms by 10.
- SDG&E does not propose incremental 2027 goals. As a result, I attribute half of the 2026 goals to the 2026 authorized budget and half of the 2026 goals to the 2027 proposed budget.

Q. Why do you show the ESA Program's cost of saved energy as compared to the cost of saved energy for the Massachusetts' 2025 Plan Low Income Programs?

A. Massachusetts is an experienced leader in energy efficiency (including low-income energy efficiency programs), offers programs administered by many electric and gas utilities, provides well organized and accessible data, and isolates for low-income energy efficiency program performance in its data. In the 2025-2027 Energy Efficiency Plan, Massachusetts utilities report energy savings including all fuel types in annual and lifetime MMBtus.

Q. How does the cost of saved energy of California's ESA Program compare to Massachusetts' Low Income Program?

A. Massachusetts' planned 2025 dollar per MMBtu is lower than all the utilities 2025 authorized dollar per MMBtu. PG&E and SCE have the lowest cost of saved energy of the California utilities in 2025. SoCalGas's cost of saved energy is a bit higher than PG&E and SCE. SDG&E's cost of saved energy is double that of PG&E and SCE.

Q. What other factors can drive cost-effectiveness?

A. Other factors that can drive cost-effectiveness include, but are not limited to: (1) investment in electric and gas measures, as there are different avoided energy and demand costs for different fuels; (2) program allocations and measure mix; (3) allocations to administrative costs and HCS measures with little or no associated savings; (4) incentive levels, (5) the depth of savings per household; and (6) the level of non-energy impacts. Given the limited scope of this bridge-year proceeding, I have not investigated the extent to which each of these factors is driving cost-effectiveness, although I do make recommendations below related to reporting that may facilitate this investigation.

Q. What do you recommend?

A. I recommend the Commission note that SDG&E's and SCE's proposed 2027 activities fall well below the Commission's expectation in D.21-06-015 for ESACET cost-effectiveness and direct SDG&E and SCE to propose plans in the next cycle with ESACET BCRs that are more in line with the Commission's guidance of 0.7 for all the utilities.

7. REPORTING

Q. Do you recommend any improvements to reporting for program year 2027 and beyond?

A. Yes. Table 1 below shows that 53 to 64 percent of total annual ESA statewide funding has or will be invested in gas measures from 2021 to 2026. As continued investment in gas energy efficiency (specifically gas heating system replacements) may make it more challenging for the state to achieve its climate goals, I am interested in understanding the level and types of gas investments in greater detail moving forward.

Table 1. Percent Investment in Gas, 2021 to 2026 [33]

Utility	Fuels	2021 actuals	2022 actuals	2023 actuals	2024 actuals	2025 authorized	2026 authorized
All	**Electric**	**$ 170.3**	**$ 105.7**	**$ 89.3**	**$ 146.3**	**$ 195.9**	**$ 174.7**
PG&E	Electric	$ 81.3	$ 40.9	$ 54.7	$ 70.2	$ 82.1	$ 81.7
SCE	Electric	$ 81.2	$ 56.5	$ 26.2	$ 66.6	$ 96.4	$ 74.8
SDG&E	Electric	$ 7.8	$ 8.3	$ 8.4	$ 9.5	$ 17.4	$ 18.2
All	**Gas**	**$ 194.9**	**$ 191.1**	**$ 156.4**	**$ 168.8**	**$ 211.8**	**$ 212.3**
PG&E	Gas	$ 75.4	$ 78.9	$ 68.0	$ 65.7	$ 74.6	$ 74.6
SDG&E	Gas	$ 8.1	$ 7.7	$ 8.4	$ 10.3	$ 14.3	$ 15.1
SoCalGas	Gas	$ 111.4	$ 104.5	$ 80.1	$ 92.8	$ 122.8	$ 122.5
All	**Electric and Gas**	**$ 365.2**	**$ 296.8**	**$ 245.7**	**$ 315.1**	**$ 407.7**	**$ 387.0**
All	**% Gas**	**53%**	**64%**	**64%**	**54%**	**52%**	**55%**

The Commission should examine the cost, savings, and benefits associated with the gas investments. However, PG&E's and SDG&E's reporting does not break

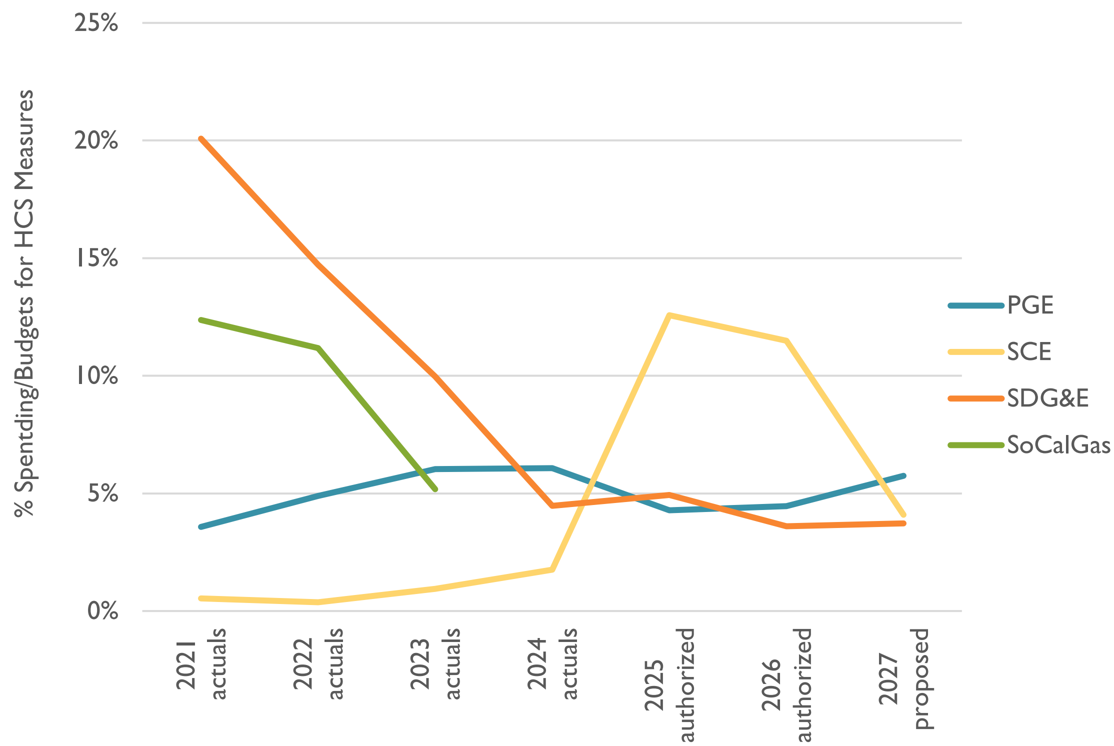
[33] Sources:

- 2021-2026: Responses to TURN PG&E 002 Q01, TURN SCE 002 Q02, and TURN SDG&E 001 Q15.
- SoCalGas 2021-2024: From the Summary Highlights tab of the 2021, 2022, 2023 and 2024 Annual Reports.
- SoCalGas 2025 and 2026 authorized: D.21-06-015, Attachment 1 - Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 7.

out electric and gas costs and benefits. And, the reporting of energy savings in annual kWh for electric investments and annual therms for gas investments does not allow for direct comparisons of the annual and lifetime cost of saved energy of electric and gas investments.

Also, Figure 9 below shows that the investment in HCS measures fluctuated considerably over this plan cycle by utility (other than PG&E) and among utilities. It is important to understand the level of investment in HCS measures and the impact these investments are having on the cost of saved energy and cost-effectiveness. However, the utilities do not report investments, savings, and benefits for HCS measures.

Figure 9. Percent Investment in HCS Measures, 2021 to present [34, 35]



Q. Did you request breakouts of electric and gas spending and authorized/proposed budgets from utilities in this proceeding?

A. Yes. Most utilities provided responses to TURN's data requests for this data. PG&E and SCE initially provided these breakouts for ESA Main and not for all programs, which was corrected for in subsequent responses.[36] However, I cannot

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[34] Sources:

- 2021 to 2024 actual spending from the Summary Highlights tab of the 2021, 2022, 2023, and 2024 Annual Reports.
- 2021 to 2026 authorized budgets: D.21-06-015, Attachment 1 - Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 7.
- 2027 proposed: Table 7: ESA Portfolio Budget within each utilities' filing.
- HCS: Responses to TURN PG&E 002 Q02, TURN SCE 002 Q05, TURN SDG&E 002 Q04, and TURN SoCalGas 002 Q05.

[35] Notes:

- SoCalGas only provided 2021-2023 actuals in its response.
- I calculate these percentages by dividing the total HCS spending/budgets by the total ESA spending/budgets.

[36] Responses to TURN PG&E 002 Q01, TURN SCE 002 Q02, and TURN SDG&E 001 Q15.

make sense of the data I received. PG&E's and SDG&E's breakouts of spending and budgets by electric and gas do not sum to the total spending and budgets in the annual reports and goals in all years. Though SCE is an electric-only utility, the spending and budget data it provided in response to this request does not match the total spending and budgets shown in the annual reports and goals in most years.

Q. Did you request that utilities calculate the cost of saved energy in this proceeding?

A. Yes. Most utilities provided responses to TURN's data requests for request for cost per kWh and cost per therm data.[37] However, I cannot make sense of some of the data I received. SCE provided this calculation for actuals and not for authorized values and the values provided do not align with my calculations of spending and budgets divided by kWh savings. SDG&E's values also do not align with my calculations of dollars per kWh and therm savings, though SDG&E notes it is using total program costs rather than total portfolio costs for this calculation which may explain the differences. SDG&E offers no explanation for why the calculation should be done in this way. SDG&E and SCE hardcoded their calculations so I cannot see how they are producing these values.

Q. Did you request that utilities provide the costs, savings, and benefits associated with HCS measures in this proceeding?

A. No. I requested the utilities calculate the costs only, which I used to develop Figure 9 above.[38] I did not request the savings and benefits data. Given the variability in the costs, I request the savings and benefits data as well.

Q. What do you recommend the Commission do?

A. I recommend that the Commission make the following changes to reporting starting in program year 2027:

[37] Responses to TURN PG&E 002 Q01, TURN SCE 002 Q02, and TURN SDG&E 001 Q15.

[38] Responses to TURN PG&E 002 Q02, TURN SCE 002 Q05, TURN SDG&E 002 Q04, and TURN SoCalGas 002 Q05.

- Require PG&E and SDG&E to provide a breakout of their entire proposed 2027 budget by electric and gas.
- Direct all utilities to report savings in net annual and lifetime MMBtus.
- Direct all utilities to report the budget, savings, and benefits that are associated with HCS measures.

Q. Does this conclude your testimony?

A. Yes, it does.